

**Frequently Asked Question**

**BI Circular Letter No.13/20/DPM Dated August 8, 2011 concerning Second Amendment to BI Circular Letter No.12/18/DPM dated July 7, 2010 concerning Open Market Operations**

**1. Q Who are the participants of Foreign Currency Transaction on SBN?**

A The participants of Foreign Currency Transaction on SBN are OMO Participants constituting Foreign Exchange Banks. The transaction participants may submit a bid directly or through an Intermediary.

**2. Q What foreign currency can be used in a Foreign Currency Transaction on SBN?**

A Foreign currency used in a Foreign Currency Transaction on SBN is US Dollar.

**3. Q What is the mechanism for the Foreign Currency Transaction on SBN?**

- A - The implementation of transaction shall be announced by BI through LHBUS System or other facilities.
- The transaction shall be conducted by way of foreign currency auction through the RMDS facility or other facilities determined by BI with a window time between 14.30 and 15.00 Western Indonesia Time.
- The bids may be submitted more than once (1) and each of such bid may only consist of 1 (one) foreign currency

level. For each foreign currency level, a participant may submit more than 1 (one) type and series of SBN.

- The settlement of Foreign Currency Transaction on SBN shall be conducted on T+2 in which the participant is required to provide SBN in the Securities Account and transfer to the Securities Account of BI by no later than 14.00 Western Indonesia Time and is required to provide sufficient rupiah funds in a Demand Deposit Account.
- In the event that the participant cannot provide sufficient rupiah funds on the settlement date, the participant is required to fulfill the intended obligations in the subsequent business day.

**4. Q What are sanctions which can be imposed by BI in relation to a violation in Foreign Currency Transaction on SBN?**

A In the event that the bank cannot fulfill the obligation to transfer SBN to the Securities Account of BI, the transaction shall be deemed cancelled and the participant shall be subject to sanctions in the form of:

- 1) A written reprimand; and
- 2) A financial penalty of 0.01% of the nominal value of the cancelled OMO transaction, in a minimum amount of Rp10 million and in a maximum amount of Rp100 million.

In the event that the bank cannot fulfill its obligation to provide sufficient rupiah funds in the Demand Deposit Account, the

participant is required to fulfill the obligation in the subsequent business day and shall be subject to sanction in the form of:

- 1) A written reprimand; an
- 2) A financial penalty which shall be calculated based on the interest rate of the applicable BI policy (BI rate) plus 200 basis points, multiplied by the nominal value of transaction and multiplied by  $1/360$  for each day of delayed settlement.

**5. Q What is the requirement to submit early redemption on the Term Deposit?**

A Early Redemption may only be conducted on Term Deposits with a minimum tenure of 1 (one) month, namely 28 (twenty-eight) days at the time of issuance.